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UPDATE

NEWSLETTER OF THE MOTOR INDUSTRY OMBUDSMAN OF SOUTH AFRICA



**MOTOR INDUSTRY OMBUDSMAN
OF SOUTH AFRICA**

THE ROAD AHEAD

NEW VEHICLE SALES AND EXPORTS July 2023

Vehicle sales by segment

Passenger
 SEP 2023 | 29,669
 SEP 2022 | 32,392



LCV
 SEP 2023 | 13,169
 SEP 2022 | 12,588



Commercial
 SEP 2023 | 3,183
 SEP 2022 | 3,004



Total sales

SEP 2023 | 46,021

SEP 2022 | 47,984

Vehicle sales by channel



Top 3 selling vehicles

Passenger



LCV



MESSAGE FROM THE OMBUDSMAN

It's a risky business

In this difficult economic climate, it has become more important than ever before to constantly identify risks to your business, no matter in what business you're in. The automotive retail sector in particular has become so competitive that continuous risk assessment has become essential. The subject of risk assessment is an area that has always fascinated me. I could never comprehend how so many individuals could even consider entering this ultra-competitive arena without thoroughly doing their homework.

The office of the Motor Industry Ombudsman of South Africa (MIOSA) has, over the years, tracked the opening and closures of businesses in this sector closely. After studying the risks that face our industry in these abnormally difficult times, I would like to share some of my conclusions with you in a two-part series. Hopefully this will enable you to identify and manage risks within your operation. In order of priority, I have listed what is, in my view, the best way to identify risk drivers and manage them effectively.

Risk Identification:

1. Industry and market risks:

- Monitor industry trends, such as shifts in consumer preferences, advancements in technology, and changes in regulations.
- Keep an eye on market competition and fluctuations in demand for specific vehicle types (such as electric cars, sport-utility vehicles, etc.).

2. Operational Risks:

- Analyse internal processes for potential weaknesses, bottlenecks, or inefficiencies.
- Evaluate the quality of your supply chain and vendor relationships.
- Assess the security of your dealership's physical and digital assets.

3. Financial Risks:

- Regularly review financial statements

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Motor Industry
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South Africa



to identify liquidity, solvency, or cash flow issues.

- Watch for changes in interest rates, exchange rates, and inflation that can impact financing costs.
- Monitor credit risk associated with customers and lending institutions.

4. Regulatory and Compliance Risks:

- Stay up to date with regulations governing automotive retail.
- Implement compliance programmes and training for employees.

5. Reputational Risks:

- Monitor online reviews and social media to detect potential reputational threats.
- Address consumer complaints promptly and professionally and when approached by the MIOSA, cooperate fully to ensure that equitable solutions are found when addressing consumer complaints.
- Train staff in customer service best practices.

6. Environmental Risks:

- Comply with environmental regulations related to vehicle emissions, waste disposal, and hazardous materials.
- Adopt eco-friendly practices and promote sustainability initiatives.

In a future newsletter I will continue this theme by examining "risk assessment" in the hope that it would assist in prioritising risks within your business. ●





A win-win for consumers and the industry alike

By **Darren Smith**, Head of the Case Management Department of the MIOSA

In an era where consumer business interactions are increasingly complex, disputes are bound to arise. These conflicts can be time-consuming and costly for both consumers and the motor and related industries. Enter the Motor Industry Ombudsman of South Africa (MIOSA) – a cost free and efficient way to resolve disputes, benefiting all parties involved.

One of the most apparent advantages of utilising the MIOSA is the saving of legal expenses. Traditional legal processes can quickly escalate costs, involving lawyers, court fees and lengthy litigation processes. By contrast, the MIOSA offers a more informal and accessible means of dispute resolution that removes the financial burden on both consumers and the industry. In addition, it's a more simplified, efficient, and cost-free process than going to court.

Time is money, and the MIOSA excels at swift dispute resolution. Lengthy court battles can drag on for many months and even years, causing stress and financial strain. The MIOSA case managers are extensively and thoroughly trained in consumer law and call on their experience in and knowledge of good engineering and customer care practices, and natural justice to bring about fair and equitable solutions. This allows for an expeditious process that not only saves money but also restores peace of mind for consumers

and allows the motor and related industries to focus on their core operations.

For businesses, the preservation of reputation is invaluable. Engaging in public legal battles can tarnish a company's image, tarnishing customer trust and loyalty and leading to a loss of repeat and referral business. The MIOSA provides a discrete platform for resolving disputes, protecting the reputation of all parties involved. This can ultimately save companies from experiencing long-term financial losses due to damaged brand perception.

The MIOSA provides a platform for dispute resolution that is accessible to all, irrespective of financial standing. This inclusivity ensures that even consumers with no financial resources can seek resolution without the fear of crippling legal costs. The motor and related industries benefit from this accessibility as well, as it prevents disputes from festering and escalating, causing reputational harm – as everyone has access to social media but not everyone can afford to take a dispute to court.

The MIOSA offers swift, cost-free, and impartial solutions to all parties involved. Furthermore, by encouraging fair practices and preserving reputations, the MIOSA contributes to a healthier and more trustworthy marketplace. ●

A CASE IN POINT

COMPLAINT

The consumer purchased a used supercar and within the same month of purchase an engine warning light illuminated on the cluster panel. The selling dealership collected the vehicle for assessment and repairs. The same warning light illuminated again, and the selling dealership attempted to repair it. However, when the vehicle displayed the same warning light again, the consumer requested that the sales agreement be cancelled. The consumer then had the vehicle tested by a third-party service provider and its assessment report reflected many problems, including a severe engine oil leak. The selling dealership wanted to assess and repair the vehicle again, but the consumer refused and approached the MIOSA for assistance.

RECOMMENDATION

The MIOSA represents neither industry nor the consumer. It utilises good engineering, customer care and legal practice, as well as natural law as a basis in its deliberations. With this in mind, the MIOSA found that the problems, and the evidence supplied, provided the consumer with the option to cancel the sales agreement. The selling dealership was instructed to cancel the sales transaction in terms of the Consumer Protection Act No. 68 of 2008 (CPA).

COMPLAINT

Shortly after taking delivery of the purchased vehicle, the consumer noticed the following problems:

- Noise and vibration when turning.
- Illumination of the all-wheel drive warning light.
- Loss of power.
- Knocking noise on pull-away.
- Intermittent illumination of the airbag warning light.

The consumer found a service invoice in the glovebox of the vehicle on which it was noted that the propshaft centre bearing required replacement. He contacted a manufacturing

dealership and was then quoted around R81 000 for the replacement. Subsequently, he approached the selling dealership with a request to cancel the sales transaction.

RECOMMENDATION

The office of the MIOSA assessed the submissions of both the parties and commented that the concerns raised arose within the parameters of the six months' implied warranty in terms of Section 56 Subsection 2 of the CPA. As such, the consumer was well within his rights to request that the transaction be cancelled. The selling dealership disregarded the request by the consumer and allegedly repaired the vehicle. However, it could not provide any documentation to the MIOSA to substantiate these repairs. The MIOSA therefore made a finding that the sales transaction must be cancelled with consideration of Section 20 Subsections 5 and 6 of the CPA.

COMPLAINT

A consumer purchased a used vehicle from a retailer and experienced non-starting problems soon after taking delivery of it. A month after purchase the vehicle was repaired through the extended warranty, but a few days later the engine overheated. The consumer wanted the supplier to assist.

RECOMMENDATION

Section 56 (2) of the CPA states that the consumer may return the goods, and then direct the supplier to repair or replace the unsafe or defective goods, or refund the purchase price. The retailer stated that the consumer had taken the vehicle to a third-party repairer without its consent and without it being given the opportunity to first diagnose the initial concerns. The MIOSA found that the aforementioned section of the CPA was invalidated in terms of Section 56 (1), as the goods (the vehicle) was altered by a third-party repairer, and therefore this office could not hold the supplier liable. ●

PEOPLE, PUNS AND PRODUCTS

Guinness World Record for Suzuki

Over Heritage weekend, hundreds of proud Suzuki Jimny owners converged on Clarens in the Eastern Free State for the inaugural Jimny Gathering. To pay homage to the habit of Jimny owners flashing their lights when greeting each other on the roads, Suzuki Auto South Africa decided to set a Guinness World Record, not for the most Jimnys gathered in one spot, but rather for the most vehicles simultaneously switching on their headlights. While 796 Jimnys lined up for the attempt, a couple of people were disqualified, and the official record stands at 787 vehicles switching on their lights.



Mercedes-Benz is the coolest brand

The coolest brands, according to South Africa's youth, were announced at this year's annual Sunday Times GenNext Awards recently. Mercedes-Benz South Africa won the category of Coolest Motor Vehicle Brand after a survey that is widely considered to be the leading barometer of what South Africa's youth find on-trend and inspirational.

VW Amarok wins Bakkie of the Year

After undergoing an extensive evaluation divided into three distinct disciplines (4x4 driving and capability tests, off-road performance tests, and towing performance on- and off-road, the Volkswagen Amarok Panamericana 3.0 V6 TDI 4Motion was crowned as



the winner of the inaugural 2023 South African Bakkie of the Year (SABOTY). It impressed the SABOTY jury, consisting of specialist motoring journalists and industry experts, with its impressive dynamics and towing capability, comfortable ride, and its high-quality interior. To ensure the highest grade of professionalism in the evaluation procedures, an expert in each discipline was appointed to draw up the testing procedures and requirements. The two specialists were motorsport legend Sarel van der Merwe, and off-road and 4x4 towing expert Gerhard Groenewald from Klipbökkop Off-Road Academy.

Organisational changes at Stellantis

Stellantis South Africa recently announces organisational changes within its executive committee. One of these is the appointment of Mike Whitfield as managing director. Whitfield joins Stellantis from Nissan, where he spent his entire working life in various leadership positions. Most recently he was the Group Advisor for Strategy, Policy and External Affairs after a number of years as Managing Director of Nissan Africa. He is a past president of the National Association of Automobile Manufacturers of South Africa (NAAMSA)" and is currently in his second term as president of the African Association of Automotive Manufacturers (AAAM).



Stellantis to build bakkie in SA

Stellantis has confirmed its intention to develop a manufacturing facility in South Africa. The manufacturing plant will be built in the South African Special Economic Zone (SEZ) in Coega, situated near Gqeberha in the Eastern Cape. The project is planned to be completed by the end of 2025. The first launch planned early 2026 is a one-tonne bakkie – presumably the Peugeot Landtrek – and volumes are expected to reach up to 50 000 completely knocked down (CKDs) units annually. Direct employment is expected at 1 000 jobs.



Jeep reaches major milestone

The Jeep brand recently celebrated the sale of the five millionth Wrangler, which was bought by a customer in Camden, New Jersey. The Wrangler is the natural heir of the legendary Willys, the vehicle that has inspired the spirit and soul of the brand. The very first Wrangler, with the model code YJ, entered into production 37 years ago at the American Motors Corporation factory. The YJ went on to sell 630 000 units between 1987 and 1995. It was followed by the TJ in 1996, the JK in 2006 and the JL in 2017.



PUBLIC AFFAIRS UPDATE

Public Service Month activities

In South Africa, September is Heritage month. However, due to its collaboration with certain government departments, during the month of September the Motor Industry Ombudsman of South Africa (MIOSA) aligns its education and awareness activities with the Public Service Month theme determined by the Government. This theme serves as a reminder of what it means to serve the community.

During this month, the MIOSA participated in various government and industry-initiated activities around Gauteng and the North-West Province. During this campaign, a mixed bag of feedback was received from consumers and industry participants alike. In one case a consumer shared that he had taken over a friend's monthly instalment and was disappointed that he did not get to own said vehicle at the end of the repayment period. In another engagement, a selling dealer thought that by virtue of giving its client a discount, the six months' implied

warranty of quality automatically falls away. The MIOSA always views feedback from consumers and automotive industry participants in a serious light and intensify our education and awareness accordingly.

The MIOSA's Information Sharing Session Project is gaining momentum. Since its inception, sessions have been held for four provincial Consumer Protection Offices, two dealer forums and three original equipment manufacturers (OEMs). These sessions are not only aimed at promoting the role of the MIOSA within the automotive and related industries, but also serve to promote uniformity in the application of the Consumer Protection Act 68 of 2008 and to empower industry participants regarding the importance of complying with the requirements of the South African Automotive Industry Code of Conduct.

The MIOSA continues to maintain its relationship with communities and various stakeholders, to the benefit of all parties concerned. ●



Lucious Bodibe
Public Affairs
Manager of the
MIOSA

Awareness statistics

Month	SMMEs & Industry Participant	Government Employees/ Webinars	General Consumers	Exhibitions/ Roadshows
Jul-23	4	3		5
Aug-23	3	2	1	5
Sep-23	2	1		2
Total	9	6	1	12